

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

CR 11-171 PAM/TNL

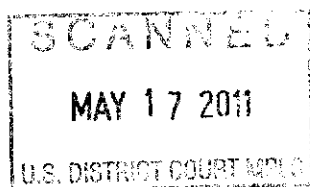
UNITED STATES OF AMERICA,)	INDICTMENT
)	
Plaintiff,)	(7 U.S.C. § 2024(b)(1))
)	(7 U.S.C. § 2024(f))
v.)	(18 U.S.C. § 981(a)(1)(c))
)	(28 U.S.C. § 2461(c))
KHAFFAK SAHIB ANSARI,)	
)	
Defendant.)	
)	
)	

THE UNITED STATES GRAND JURY CHARGES THAT:

1. At all times relevant to this Indictment, the defendant, **KHAFFAK SAHIB ANSARI**, worked and resided within the State and District of Minnesota. In particular, defendant was the owner and operator of the Stryker Avenue Market (Stryker), which was located at 605 Stryker Avenue, St. Paul, Minnesota 55107.

2. The United States Department of Agriculture (USDA), Food Nutrition Service (FNS) was a federal agency responsible for the administration and implementation of the food stamp program, which is known as the Supplemental Nutrition and Assistance Program (SNAP). As of October 1, 2008, the official name of the federal Food Stamp Program changed to SNAP, however, the forms as well as the regulations still refer to the Food Stamp Program.

3. In 1993, the USDA, through the State of Minnesota Department of Human Services (MNDHS) converted from a traditional paper food stamp coupon system to what is known as an Electronic Benefit Transfer (EBT) card system. Instead of being issued food



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stamp coupons, SNAP recipients were issued EBT cards that could be used at participating retailers. EBT cards are like credit or debit cards, and in the case of SNAP, the EBT card is linked to the recipients' benefit accounts, and credited with the recipients' allocated benefit amounts on a monthly basis. The recipients can redeem benefits at participating authorized retailers.

4. As with traditional food stamp coupons, SNAP recipients could exchange their benefits only for eligible food items and only at stores that were authorized by the USDA to accept SNAP benefits. Authorized stores were prohibited from accepting SNAP benefits in exchange for items such as alcoholic beverages, tobacco, hot foods, cell phone minutes, non-food items such as tissues, soaps, cosmetics, or other household goods. SNAP benefits could not be redeemed for cash.

5. The redemption of SNAP benefits was done in a fashion similar to a credit card transaction, either by manually entering the account information or by swiping the EBT card through a Point of Sale device (POS device). The SNAP recipient then enters a personal identification number (PIN) on the machine's external PIN pad to complete the transaction. The EBT card machine records the EBT card number, the date and time of the transaction and the amount debited from the recipients' EBT account.

6. To become eligible to participate in SNAP, store owners in Minnesota were required to complete, sign and submit a Food Stamp

Program Application for Stores, form FNS 252, to the St. Paul field office of the USDA. Stores approved by the USDA to participate in SNAP were issued a food stamp authorization number, and were provided with a POS device, which debited SNAP recipients' accounts for the cash value of the items purchased. The store owner was then reimbursed for the redemptions via an electronic transfer directly into an account designated by the store owner.

7. As a part of the FNS 252 application, applicants were required to affirm that they understood that exchanging cash for SNAP benefits was illegal and could result in permanent disqualification from the program, as well as criminal prosecution. Applicants were also required to affirm that they understood that they were responsible for ensuring that all employees were properly instructed regarding SNAP regulations.

8. On March 3, 1998, defendant completed the FNS 252 application and agreement. Defendant certified that he attended retailer orientation held by the USDA, Food and Consumer Service, at which Food Stamp Program rules and regulations were thoroughly reviewed; that he understood that exchanging cash for food stamps was illegal and could result in permanent disqualification from the Food Stamp Program as well as criminal prosecution; and that he accepted responsibility on behalf of Stryker to ensure that all employees at the store were properly instructed regarding the Food Stamp Program Regulations. Defendant also represented that the

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market's estimated annual retail sales were approximately \$180,000.

9. Stryker was authorized to accept SNAP benefits and was provided with a POS device.

COUNTS 1-3
(Food Stamp Fraud)

10. The Grand Jury realleges the allegations of paragraphs 1-9 of this Indictment as if fully set forth herein.

11. From in or about January 1, 2006, and through October 7, 2010, in the State and District of Minnesota, the defendant,

KHAFFAK SAHIB ANSARI,

did knowingly exchange SNAP benefits in exchange for cash. Specifically, defendant would swipe a SNAP recipient's card for a certain dollar amount, and give the defendant less cash back. Defendant would then be reimbursed by the USDA-FNS for the total amount of the swipe. Defendant also allowed individuals to purchase ineligible merchandise, including, but not limited to cell phone minutes and cigarettes using SNAP benefits. Through these transactions the defendant received approximately \$3,000,000 to which he was not entitled. For example, in each of the following instances, defendant exchanged cash for food stamp benefits:

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Count	Date	SNAP Swipe Amount	Cash Given to Recipient
1	July 16, 2008	\$401.12	\$200.00
2	January 7, 2010	\$131.86	\$100.00
3	October 6, 2010	\$131.55	\$100.00

all in violation of Title 7, United States Code, Section 2024(b).

FORFEITURE ALLEGATIONS

Counts 1-3 of this Indictment are hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeitures pursuant to Title 7, United States Code, Section 2024(f), and Title 28, United States Code, Section 2461(c).

As a result of the offense alleged in Counts 1-3 of this Indictment, defendant shall forfeit to the United States pursuant to Title 7, United States Code, Section 2024(f), Title 18 United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), any property constituting, or derived from, proceeds traceable to the violations of Title 7, United States Code, Section 2024, including but not limited to a 2005 BMW 654 CI, VIN WBAEK73495B325455, \$30,108.71 from Bremer Bank Account xxx7210, and \$15,934.00 in United States Currency, all seized on September

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16, 2010.

If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property, as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All in violation of Title 7, United States Code, Sections 2024(b) and (f), Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

A TRUE BILL

UNITED STATES ATTORNEY

FOREPERSON